

Message Text

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42

ACTION EB-11

INFO OCT-01 ISO-00 EA-11 INR-10 DRC-01 RSC-01 L-03 SS-20

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R 161015Z NOV 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1116

AMEMBASSY TOKYO

C O N F I D E N T I A L SEOUL 7741

STADIS////////////////////////////////////

EO 11652: GDS

TAGS: ETRN, KS

SUBJECT: CIVAIR - BILATERAL NEGOTIATIONS

REFS: (A) SEOUL 7348; (B) STATE 197904;

(C) SEOUL 6614

1. SUMMARY. EMBOFF MET WITH KOREAN AIR LINES (KAL) OFFICIALS TO DISCUSS REPORTS OF PLANNED \$115 MILLION AIRCRAFT PURCHASE AND RELATIONSHIP OF PURCHASE TO KAL ROUTE REQUESTS. END SUMMARY.

2. ON NOV. 15 EMBOFF ACCEPTED LUNCH INVITATIONS, ARRANGED BY MCDONNELL DOUGLAS JAPAN REPRESENTATIVE DIRECTOR BOGART, FROM C.H. LEE, MANAGER OF KOREAN AIRLINES PLANNING DEPT. BOGART HAD PREVIOUSLY SPOKEN WITH COMMERCIAL COUNSELOR AND REPORTED KAL WAS PLANNING \$115 MILLION PURCHASE OF FIVE DC-10'S IN NEAR FUTURE.

3. LEE CONFIRMED THAT, CONTRARY TO STATEMENT OF KAL PRESIDENT C.H. CHO (IN MEETING WITH EX-IM BANK OFFICERS, REF A) KAL DID INDEED PLAN TO PURCHASE THESE FIVE AIRCRAFT WITH FIRST DELIVERY IN 1974 AND OTHERS IN 1975.

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4. LEE THEN RAISED SUBJECT OF FORTHCOMING BILATERAL NEGOTIATIONS. HE SAID KAL'S POSITION, WHICH PRESUMABLY WILL BE POSITION OF ROKG, IS THAT KOREAN AIRLINES MUST BE ALLOWED LANDING RIGHTS AT NEW YORK IF BENEFITS OF CIVIL AVIATION AGREEMENT ARE TO BE "BALANCED". SIMILAR MINISTRY OF TRANSPORTATION VIEW WAS REPORTED REF. C.

5. LEE THEN STATED KAL AND MCDONNELL DOUGLAS WOULD ANNOUNCE AIRCRAFT PURCHASE IN U.S. ON DEC. 10 TO COINCIDE WITH BEGINNING OF NEGOTIATIONS. HE ADDED THAT KAL WAS PREPARING A "CONFIDENTIAL" ECONOMIC STUDY WHICH WOULD HAVE SOME SURPRISES FOR THE U.S. DELEGATION AND POINTED OUT THAT EUROPEAN NATIONS HAVE OFFERED KAL LANDING RIGHTS IN RETURN FOR EQUIPMENT PURCHASES.

6. EMBASSY COMMENT: WE ARE NOT SURE WHETHER MCDONNELL DOUGLAS DEAL IS FIRM CONTRACT OR MERELY ANOTHER ASPECT OF KAL'S CAMPAIGN TO GAIN SUPPORT OF U.S. INTEREST GROUPS IN ROK NEGOTIATING POSITION. WHILE MCDONNELL DOUGLAS HAS ASSURED US AN "UNIDENTIFIED SOURCE" WOULD PROVIDE FUNDS FOR KAL TO MAKE A 10 PERCENT DOWN PAYMENT ON THIS \$115 MILLION DEAL, WE UNDERSTAND NEITHER MCDONNELL DOUGLAS NOR KAL HAS YET APPROACHED EX-IM BANK TO DISCUSS THE TOTAL FINANCING PACKAGE. EMBASSY ASSUMES ANY ADDITIONAL CREDITS FOR KAL WOULD BE CONSIDERED IN LIGHT OF ALREADY HEAVY DEBTS INCURRED BY THE COMPANY.
HABIB

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Message Attributes

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